

FILE COPY

91<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 2326

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IN THE SENATE OF THE UNITED STATES

JUNE 5, 1969

Mr. McGEE (by request) introduced the following bill; which was read twice  
and referred to the Committee on Post Office and Civil Service

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## A BILL

To amend subchapter III of chapter 83 of title 5, United States  
Code, relating to civil service retirement, and for other  
purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—CIVIL SERVICE RETIREMENT

4 FINANCING

5 SEC. 101. Section 8331 of title 5, United States Code,  
6 is amended—

7 (1) by striking out “and” at the end of paragraph  
8 (15);

II—O

1           (2) by striking out the period at the end of para-  
2       graph (16) and inserting a semicolon in lieu thereof;  
3       and

4           (3) by adding immediately below paragraph (16)  
5       the following new paragraphs:

6           “(17) ‘normal cost’ means the entry-age normal  
7       cost computed by the Civil Service Commission in ac-  
8       cordance with generally accepted actuarial practice and  
9       expressed as a level percentage of aggregate basic pay;

10          “(18) ‘Fund balance’ means the sum of—

11               “(A) the investments of the Fund calculated  
12          at par value; and

13               “(B) the cash balance of the Fund on the  
14          books of the Treasury; and

15          “(19) ‘unfunded liability’ means the estimated ex-  
16       cess of the present value of all benefits payable from  
17       the Fund to employees and Members, and former em-  
18       ployees and Members, subject to this subchapter, and to  
19       their survivors, over the sum of—

20               “(A) the present value of deductions to be  
21       withheld from the future basic pay of employees  
22       and Members currently subject to this subchapter  
23       and of future agency contributions to be made in  
24       their behalf; plus

25               “(B) the present value of Government pay-

1           ments to the Fund under section 8348 (f) of this  
2           title; plus

3           “(C) the Fund balance as of the date the un-  
4           funded liability is determined.”.

5       SEC. 102. (a) Section 8334 of title 5, United States  
6       Code, is amended—

7           (1) by amending subsection (a) to read as follows:

8       “(a) (1) The employing agency shall deduct and with-  
9       hold 7 percent of the basic pay of an employee and  $7\frac{1}{2}$  per-  
10      cent of the basic pay of a Congressional employee and a  
11      Member. An equal amount shall be contributed from the  
12      appropriation or fund used to pay the employee or, in the  
13      case of an elected official, from an appropriation or fund  
14      available for payment of other salaries of the same office or  
15      establishment. When an employee in the legislative branch is  
16      paid by the Clerk of the House of Representatives, the Clerk  
17      may pay from the contingent fund of the House the contribu-  
18      tion that otherwise would be contributed from the appropria-  
19      tion or fund used to pay the employee.

20       “(2) The amounts so deducted and withheld, together  
21      with the amounts so contributed, shall be deposited in the  
22      Treasury of the United States to the credit of the Fund under  
23      such procedures as the Comptroller General of the United  
24      States may prescribe. Deposits made by an employee or

1 Member also shall be credited to the Fund.”; and

2 (2) by amending subsection (c) to read as follows:

3 “(c) Each employee or Member credited with civilian  
4 service after July 31, 1920, for which retirement deduc-  
5 tions or deposits have not been made, may deposit with  
6 interest an amount equal to the following percentages of  
7 his basic pay received for that service:

	“Percentage of basic pay	Service period
Employee---	2½-----	August 1, 1920, to June 30, 1926.
	3½-----	July 1, 1926, to June 30, 1942.
	5-----	July 1, 1942, to June 30, 1948.
	6-----	July 1, 1948, to October 31, 1956.
	6½-----	November 1, 1956, to December 31, 1969.
	7-----	After December 31, 1969.
Member or employee for Congressional employee service----	2½-----	August 1, 1920, to June 30, 1926.
	3½-----	July 1, 1926, to June 30, 1942.
	5-----	July 1, 1942, to June 30, 1948.
	6-----	July 1, 1948, to October 31, 1956.
	6½-----	November 1, 1956, to December 31, 1969.
	7½-----	After December 31, 1969.
Member for Member service----	2½-----	August 1, 1920, to June 30, 1926.
	3½-----	July 1, 1926, to June 30, 1942.
	5-----	July 1, 1942, to August 1, 1946.
	6-----	August 2, 1946, to October 31, 1956.
	7½-----	After October 31, 1956.

8 Notwithstanding the foregoing provisions of this subsec-  
9 tion, the deposit with respect to a period of service re-  
10 ferred to in section 8332 (b) (6) of this title performed  
11 before January 1, 1969, shall be an amount equal to 55  
12 percent of a deposit computed in accordance with such  
13 provisions.”.

1       (b) The amendment made by subsection (a) (1) of  
2 this section shall become effective at the beginning of the  
3 first applicable pay period beginning after December 31,  
4 1969.

5       SEC. 103. (a) Section 8348 of title 5, United States  
6 Code, is amended—

7           (1) by amending subsection (a) to read as  
8 follows:

9       “(a) There is a Civil Service Retirement and Disability  
10 Fund. The Fund—

11           “(1) is appropriated for the payment of—

12               “(A) benefits as provided by this subchapter;  
13               and

14               “(B) administrative expenses incurred by the  
15 Civil Service Commission in placing in effect each  
16 annuity adjustment granted under section 8340 of  
17 this title; and

18           “(2) is made available, subject to such annual limi-  
19 tation as the Congress may prescribe, for any expenses  
20 incurred by the Commission in connection with the ad-  
21 ministration of this chapter and other retirement and  
22 annuity statutes.”; and

23           (2) by striking out subsections (f) and (g) and  
24 inserting in lieu thereof:

1       “(f) Any statute which authorizes—

2               “(1) new or liberalized benefits payable from the  
3       Fund, including annuity increases other than under sec-  
4       tion 8340 of this title;

5               “(2) extension of the coverage of this subchapter  
6       to new groups of employees; or

7               “(3) increases in pay on which benefits are com-  
8       puted;

9       is deemed to authorize appropriations to the Fund to fi-  
10      nance the unfunded liability created by that statute, in  
11      equal annual installments over the 30-year period beginning  
12      at the end of the fiscal year in which the statute is enacted,  
13      with interest computed at the rate used in the then most re-  
14      cent valuation of the Civil Service Retirement System and  
15      with the first payment thereof due as of the end of the  
16      fiscal year in which the statute is enacted.

17       “(g) At the end of each fiscal year, the Commission  
18      shall notify the Secretary of the Treasury of the amount  
19      equivalent to interest on the unfunded liability computed for  
20      that year at the interest rate used in the then most recent  
21      valuation of the System. Before closing the accounts for each  
22      fiscal year, the Secretary shall credit to the Fund, as a Gov-  
23      ernment contribution, out of any money in the Treasury of  
24      the United States not otherwise appropriated, the following  
25      percentages of the amounts equivalent to interest on the

1 unfunded liability: 10 percent for 1971; 20 percent for  
2 1972; 30 percent for 1973; 40 percent for 1974; 50 percent  
3 for 1975; 60 percent for 1976; 70 percent for 1977; 80  
4 percent for 1978; 90 percent for 1979; and 100 percent for  
5 1980 and for each fiscal year thereafter. The Commission  
6 shall report to the President and to the Congress the sums  
7 credited to the Fund under this subsection.”.

8 (b) (1) The provisions of subsection (g) of section  
9 8348 of title 5, United States Code, as contained in the  
10 amendment made by subsection (a) (2) of this section, shall  
11 become effective at the beginning of the fiscal year which  
12 ends on June 30, 1971.

13 (2) Paragraph (1) of this subsection shall not be held  
14 or considered to continue in effect after the enactment of  
15 this Act the provisions of section 8348 (g) of title 5, United  
16 States Code, as in effect immediately prior to such enactment.

17 SEC. 104. Section 1308 (c) of title 5, United States  
18 Code, is amended by striking out “on a normal cost plus  
19 interest basis”.

20 SEC. 105. The proviso under the heading “CIVIL  
21 SERVICE COMMISSION” and under the subheading  
22 “PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABIL-  
23 ITY FUND” in title I of the Independent Offices Appropria-  
24 tion Act, 1962 (75 Stat. 345; Public Law 87-141), is  
25 repealed.

1           TITLE II—CIVIL SERVICE RETIREMENT  
2                           BENEFITS

3           SEC. 201. Paragraph (4) (A) of section 8331 of title  
4 5, United States Code, is amended by striking out “5 con-  
5 secutive years” and inserting in lieu thereof “3 consecutive  
6 years”.

7           SEC. 202. Subsection (g) of section 8334 of title 5,  
8 United States Code, is amended—

9               (1) by striking out the word “or” at the end of  
10 paragraph (3) ;

11              (2) by striking out the period at the end of  
12 paragraph (4) and inserting in lieu thereof a semicolon  
13 and the word “or”; and

14              (3) by adding the following new paragraph im-  
15 mediately below paragraph (4) :

16              “(5) days of unused sick leave credited under sec-  
17 tion 8339 (m) of this title.”.

18           SEC. 203. Section 8339 of title 5, United States Code,  
19 is amended—

20               (1) by striking out of subsection (b) the words  
21 “so much of his service as a Congressional employee and  
22 his military service as does not exceed a total of 15  
23 years” and inserting in lieu thereof “his service as a Con-  
24 gressional employee, his military service not exceeding  
25 5 years,”;



1           (2) by amending subsection (c) (2) to read as  
2 follows:

3           “(2) his congressional employee service;”; and

4           (3) by adding at the end thereof the following new  
5 subsection:

6           “(m) In computing any annuity under subsections  
7 (a)–(d) of this section, the total service of an employee  
8 who retires on an immediate annuity or dies leaving a sur-  
9 vivor or survivors entitled to annuity includes, without regard  
10 to the limitations imposed by subsection (e) of this section,  
11 the days of unused sick leave to his credit, except that these  
12 days will not be counted in determining average pay or  
13 annuity eligibility under this subchapter.”.

14       SEC. 204. Subsection (b) of section 8340 of title 5,  
15 United States Code, is amended by inserting “1 percent  
16 plus” immediately after the word “by”.

17       SEC. 205. The provisions of subsections (b) (1), (d)  
18 (3), and (g) of section 8341 of title 5, United States Code,  
19 also shall apply in the case of any widow or widower—

20           (1) of an employee who died, retired, or was  
21 otherwise separated before July 18, 1966;

22           (2) who shall have remarried on or after such  
23 date; and

24           (3) who, immediately before such remarriage, was

1 receiving annuity from the Civil Service Retirement  
2 and Disability Fund;

3 except that no annuity shall be paid by reason of this  
4 section for any period prior to the enactment of this sec-  
5 tion. No annuity shall be terminated solely by reason of  
6 the enactment of this section.

7 SEC. 206. (a) The amendments made by sections 201,  
8 202, and 203 of this Act shall not apply in the cases of per-  
9 sons retired or otherwise separated prior to the date of enact-  
10 ment of this Act, and the rights of such persons and their  
11 survivors shall continue in the same manner and to the same  
12 extent as if such sections had not been enacted.

13 (b) The amendments made by section 204 of this Act  
14 to section 8340 of title 5, United States Code, shall apply  
15 only to determinations of amounts of annuity increases which  
16 are made under such section 8340 after the date of enact-  
17 ment of this Act.

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91st CONGRESS  
1st Session

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**A BILL**

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By Mr. McGEE

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